

Message Text

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ACTION EB-08

INFO OCT-01 ARA-10 EUR-12 EA-10 IO-13 ISO-00 SSO-00
INRE-00 USIE-00 L-03 FRB-03 OMB-01 ITC-01 SP-02
AGRE-00 AID-05 CIAE-00 COME-00 INR-10 LAB-04
NSAE-00 OIC-02 SIL-01 STR-07 TRSE-00 CEA-01 SS-15
/109 W

-----033784 091538Z /47

O R 091508Z MAR 78
FM AMEMBASSY BONN
TO SECSTATE WASHDC IMMEDIATE 6572
USMISSION GENEVA IMMEDIATE
INFO AMEMBASSY PARIS
AMEMBASSY LONDON
AMEMBASSY BRUSSELS
AMEMBASSY TOKYO
AMEMBASSY BRASILIA
USMISSION USUN NEW YORK

C O N F I D E N T I A L SECTION 01 OF 02 BONN 04296

GENEVA FOR UNDER SECRETARY COOPER

USEEC ALSO FOR EMBASSY

USOECN ALSO FOR EMBASSY

E. O. 11652: GDS
TAGS: UNCTAD, EAID, ETRD, EFIN, GW
SUBJ: FRG ATTITUDES ON COMMON FUND AND NORTH/SOUTH
ISSUES -- CALL ON FRAU STEEG

REF: A) BONN 3682 B) BONN 3847

1. SUMMARY. DURING VISIT IN ECONOMICS MINISTRY, ALLAN
WENDT ACCOMPANIED BY EMBOFF MADE COURTESY CALL ON FRAU
STEEG, ASSISTANT SECRETARY (MINISTERIALDIRIGENTIN) FOR
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FOREIGN ECONOMIC AND DEVELOPMENT POLICY AND DR. KIPPER.
WENDT REVIEWED STATUS OF US THINKING ON COMMON FUND AND
COMMODITY POLICY. IN COURSE OF CONVERSATION FRAU STEEG
TOUCHED ON RECENT FRG CABINET MEETING ON DEBT ISSUES,
COMMODITY QUESTIONS DISCUSSED WITH BRAZILIAN PRESIDENT
GEISEL IN BONN THIS WEEK, AND MEETING PLANNED FOR MARCH
10 IN GENEVA WITH UNDER SECRETARY COOPER AND OTHERS IN

THE RESTRICTED MEETING ON THE COMMON FUND. END SUMMARY.

2. FRAU STEEG REPORTED THAT, ON THE QUESTION OF LDC DEBTS, THE FRG HAD NOT CHANGED ITS POSITION SINCE THE LAST DISCUSSION OF THIS TOPIC (SEE REFTTEL A). BASICALLY THE FRG OPPOSES ANY GENERAL FOREGIVENESS OF DEBT, BUT IS WILLING TO CONSIDER ADJUSTMENT OF TERMS, RESCHEDULING, ETC. ON BI-LATERAL OR CONSORTIUM BASIS AS IN THE PAST. FRAU STEEG ADDED, HOWEVER, THAT THE CABINET MEETING HAD PROVED TO BE VERY INTERESTING BECAUSE OF THE ORAL INSTRUCTIONS GIVEN BY CHANCELLOR SCHMIDT TO FOREIGN OFFICE STATE SECRETARY HERMES THAT HE SHOULD MAKE CLEAR TO DEVELOPING COUNTRIES AT THE GENEVA MEETING THAT PROGRESS ON NORTH/SOUTH ISSUES WAS HARDLY POSSIBLE UNTIL THEY TOOK A MORE REASONABLE LINE ON COMMODITY POLICY ("EINE VENUENFTIGE ROHSTOFFPOLITIK").

3. IN THIS WEEK'S DISCUSSIONS IN BONN WITH THE BRAZILIANS, FRAU STEEG MENTIONED THAT NORTH/SOUTH QUESTIONS HAD BEEN ONE OF THE THEMES. SHE INDICATED THAT THERE APPEARED TO BE A LARGE MEASURE OF AGREEMENT BETWEEN THE BRAZILIANS AND THE GERMANS THAT POLEMICAL G-77 PUSHING FOR UNECONOMIC, POLITICALLY-INSPIRED PLANS ON COMMODITIES, DEBT, AND COMMON FUND WERE WRONG-HEADED AND COUNTER-PRODUCTIVE. PRESIDENT GEISEL IS SAID TO HAVE AGREED WITH CHANCELLOR SCHMIDT THAT THE COMMON

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FUND IDEA WAS A DISASTER. FRAU STEEG POINTED OUT TO HER BRAZILIAN COUNTER-PART THAT IF THIS WAS REALLY THE VIEW OF THE BRAZILIAN GOVERNMENT, SHE WISHED IT WOULD BE COMMUNICATED TO THE BRAZILIAN REPRESENTATIVES IN NEW YORK AND GENEVA, SO THAT THEY COULD SPEAK OUT

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O R 091508Z MAR 78
FM AMEMBASSY BONN
TO SECSTATE WASHDC IMMEDIATE 6573
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THERE IN THE G-77 CAUCUS AND AT THE VARIOUS MEETINGS.

4. IN REGARD TO THE MARCH 10 MEETING OF THE RESTRICTED GROUP ON THE COMMON FUND IN GENEVA, FRAU STEEG STATED THAT THE FRG POSITION WAS THAT THE DEVELOPED COUNTRIES SHOULD STRONGLY REAFFIRM THEIR POSITION THAT A GOOD-FAITH OFFER HAD ALREADY BEEN TABLED BY THE DEVELOPED COUNTRIES AT THE LAST SESSION OF THE COMMON FUND NEGOTIATIONS, THAT THIS OFFER HAD BEEN DISMISSED WITHOUT ADEQUATE CONSIDERATION AND THE MEETING BROKEN OFF BY THE G-77, AND THAT IT WAS SQUARELY UP TO THE G-77 TO BECOME MORE ACCOMMODATING BEFORE A FURTHER NEGOTIATING SESSION COULD BE SCHEDULED. SHE SAID SHE HOPED THAT DEVELOPED COUNTRIES WOULD HOLD TO THIS LINE AND NOT CONFIDENTIAL

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FEEL CONSTRAINED TO MAKE FURTHER CONCESSIONS NOW IN THE FACE OF DEVELOPING COUNTRY "SALAMI-TACTICS". SHE CONCLUDED THAT WHILE CHANCELLOR SCHMIDT'S DISLIKE OF A COMMON FUND WAS CLEAR, THE FRG WAS PREPARED TO DISCUSS A "FIRST-WINDOW" POOLING ARRANGEMENT, VOTING PROCEDURES, MEMBERSHIP, ETC. BUT HOPEFULLY IN A NON "POLITICIZED" ATMOSPHERE AND WITHOUT THE FEELING OF BEING UNDER THE GUN TO MAKE HIGHER LEVEL POLITICAL CONCESSIONS FIRST.

5. THIS CABLE WAS DRAFTED FOLLOWING MR. WENDT'S DEPARTURE FOR PARIS.
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Message Attributes

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